

September 01, 2009

CLERK, U.S. BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

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12 **UNITED STATES BANKRUPTCY COURT**
13 **EASTERN DISTRICT OF CALIFORNIA**
14 **FRESNO DIVISION**

15 In re
16 ST. JAMES and ENNIS HANFORD
17 INVESTMENT, LLC,
18 Debtor.

CASE No. 09-17500-WRL

Chapter 11

DC NO. PLF-2

19 **DECLARATION OF G. ALLEN BLOYD**
20 **IN SUPPORT OF CITIZENS CASH**
21 **COLLATERAL OBJECTION**

22 Date: September 2, 2009
Time: 1:30 p.m.
Cttrm: A, Rm. 11

23
24 G. Allen Bloyd declares:

25 1. I am a Senior Vice President employed by Citizens Business Bank ("Citizens") at
26 its Ontario, California, headquarters and am the Manager of the Bank's Special Assets
27 Department. I have personal knowledge of the matters set forth in this declaration and I could and
28 would testify competently thereto if called upon to do so.

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1 2. Debtor St. James & Ennis Hanford Investment, LLC ("St. James Ennis") borrowed
2 in excess of \$18 million from Citizens. The St. James Ennis loan is secured by a Senior Deed of
3 Trust on 302 acres of walnut groves in Hanford, California (the "St. James Ennis Property") that
4 St. James Ennis hoped to develop into a substantial mixed residential and commercial real estate
5 development. I believe from my analysis that Citizens is facing a multi-million dollar shortfall in
6 the value of the St. James Ennis Property. Accordingly, I authorized and instructed Citizens'
7 lawyers to sue St. James and others in the Kings County Superior Court on May 12, 2009, to
8 recover the defaulted obligation, in addition to Citizens' efforts to pursue its non-judicial
9 foreclosure of the St. James Ennis Property. Attached hereto as Exhibit "1" is a true and correct
10 copy of the State Court Complaint which contains the amounts owed by St. James to Citizens as of
11 the date indicated therein. The Complaint also has attached true and correct copies of the loan
12 documents; which include the Deed of Trust that contains an assignment of rents, issues, leases,
13 and profits.

14 3. As part of my job as the head of Citizens' Special Assets Department, I am required
15 to formulate my own opinion of the value of collateral held by the Bank for defaulted and problem
16 loans. I personally have considered the value of the St. James Ennis 302-acre proposed real estate
17 development and the underlying property. I have concluded that Citizens is facing a multi-million
18 dollar shortfall between the amount of the debt owed by St. James and the value of the collateral
19 held by the Bank. From my analysis and evaluation it appears to me that the residential real estate
20 development market has essentially collapsed for projects in Hanford, California, such as the one
21 contemplated by St. James Ennis. The exact magnitude of the shortfall that Citizens is facing, and
22 the current value of the St. James Ennis property, is still being determined.

23 4. In light of the substantial shortfall in Citizens' collateral, Citizens has no choice but
24 to oppose the Motion and the Debtor's attempt to use \$47,000 of farm lease income that constitutes
25 Citizens' cash collateral. I anticipate that Citizens will need to recover the cash collateral to pay
26 the St. James obligations owed to Citizens.

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1 I declare under penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct and that this declaration was executed this 1ST day of September,
3 2009, at Ontario, California.

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